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## Fifth Committee

**Summary record of the 10th meeting**
Held at Headquarters, New York, on Thursday, 16 October 2001, at 10 a.m.

*Chairman:* Mr. Effah-Apenteng ..... (Ghana)
*Chairman of the Advisory Committee on Administrative and Budgetary Questions:* Mr. Mselle

## Contents

Agenda item 125: Scale of assessments for the apportionment of the expenses of the United Nations (*continued*)

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*The meeting was called to order at 10.05 a.m.*

**Agenda item 125: Scale of assessments for the apportionment of the expenses of the United Nations** (*continued*) (A/56/11 and Add.1)

1. **Mr. Stuart** (Australia), speaking also on behalf of the delegations of Canada and New Zealand, drew the Committee's attention to the importance of the proposals submitted by the Committee on Contributions (A/56/11 and Add.1) concerning the application of Article 19 and the measures to encourage the timely, full and unconditional payment of contributions. It was understandable that individual States should have concerns as to how particular measures would affect them, and those concerns needed to be taken into account. However, no progress could be made if any change was rejected for fear of possible adverse effects on a limited number of Member States. An appropriate balance needed to be struck between the interests of those States and the interests of the Organization, not to mention the interests, repeatedly overlooked, of one group of Member States — both developing and developed countries — which met their obligations and subsidized those which accumulated arrears, whether deliberately or otherwise.

2. His delegation recommended that the procedures for the application of Article 19 and the measures to encourage the timely payment of contributions should be considered from the standpoint of their overall impact on the Organization, since any measure adopted could have a significant impact, including a financial impact, if many Member States were involved. While the net to net comparison approach would increase the Organization's cash balance by only $9 million, if more Member States were encouraged to pay their contributions on time the functioning of the Organization would be significantly improved, which was the object of the exercise. In fact, the decision taken by the General Assembly in resolution 55/5 A to make a net to net instead of a gross to net comparison in determining arrears under Article 19 was more consistent with the spirit of the Charter. He could see no technical obstacle to its implementation, which was essentially a political decision.

3. He pointed out that the line between countries which paid on time and those which did not was not simply a North-South line. Of the 141 Member States which had paid their regular budget dues by the end of 2000, 91 had been developing countries, and in 2001 Bangladesh had been the first to pay its dues. The purpose of the change in method was to encourage payment of the money owed to the Organization and to prevent the accumulation of nearly two years' worth of arrears, a practice which was current among major contributors, including developing countries. Those States which paid their contributions on time would not be affected. The decision of principle had been taken by the General Assembly in October 2000 and he proposed that its implementation dates should be set at 1 January 2002; Governments would thus have had over 12 months' notice to make the necessary adjustments.

4. He asked the Committee to support the principle of the biannual calculation of arrears; that would improve the Organization's cash position by encouraging Member States to pay their contributions more punctually and more regularly. The change would mainly affect major contributors which deliberately delayed their payments or accumulated arrears, not those which paid promptly and suffered the consequences of such practices. The matter was essentially a political one since it was quite possible to revise regulation 5.4 of the Financial Regulations and Rules.

5. With regard to the specific measures proposed by the Committee on Contributions, he was in favour of the indexation of arrears, despite its technical complexities. Noting with interest the proposal concerning multi-year payment plans, he asked the Secretariat to prepare a report for the Committee showing how those plans might be negotiated, handled and improved. In conclusion, he advocated serious consideration of the S-curve incentive scheme used by other agencies of the United Nations system.

6. **Mr. De Loecker** (Belgium), speaking on behalf of the European Union, the associated countries Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia and Turkey, and, in addition, Iceland, noted that the debate was being held under General Assembly resolution 55/5.

7. As for the procedures for the application of Article 19, the European Union was very anxious for the matter to be resolved during the present session. In fact, the Committee encountered the same difficulties

every year: the reluctance on the part of a small number of countries to pay their contributions in full, and submission beyond the deadline of requests for exemption under Article 19 in contravention of article 160 of the rules of procedure of the General Assembly and of General Assembly resolution 54/237 C. In that connection, he recalled the measures recommended by the European Union in 1996: the early discharging of arrears, revising the scale of contributions to the regular budget and the scale applicable for peacekeeping operations, enhanced effectiveness at the administrative level and the adoption of measures to encourage timely payment of contributions. He reaffirmed the principles upon which the Union's position was based: equity and respect for the great majority of Member States which met their obligations on time, in full and unconditionally, firmness with regard to those which persistently refused to do so and understanding with regard to those experiencing genuine difficulties.

8. Timely, full and unconditional payment of contributions was essential in order to provide the Organization with a solid and permanent financial basis, to enable it to manage its resources effectively and efficiently, and to shelter it from arbitrary and unilateral decisions. Article 19 was the only instrument the General Assembly had with which to achieve that threefold objective. It had to be used with both discernment and impartiality at a time when the resources allocated to the Organization were still limited and every contribution counted.

9. The European Union had noted with interest the observations and recommendations of the Committee on Contributions. It was steadfastly in favour of net-to-net comparisons, the biannual calculation of arrears and other measures to encourage the timely payment of contributions and the reduction of arrears. Its position was based on two essential considerations. Firstly, the payment of contributions in full and on time demonstrated a willingness to accept the duties incumbent upon a member of the international community and a determination to strengthen it by enabling the Organization to fulfil its mandates and supporting it and the values it embodied. Secondly, the new procedures for application of Article 19 should not penalize States which were exposed to genuine and exceptional financial difficulties. The Union would consider with interested countries means of preventing a decision on the subject from further worsening their situation. It remained open to any proposal which was likely to encourage the timely payment of contributions and to reduce arrears.

10. **Mrs. Dinić** (Croatia) said that her delegation was aware of the great efforts made by some countries to meet their financial obligations to the Organization in full and on time, and reaffirmed that the scale of assessments should be based on the principle of capacity to pay, as established for the period 2001-2003. In a context of global recession it was important for the Committee on Contributions to continue to improve the method of determining assessments, so as to take account in particular of the socio-economic impact on developing countries and countries with economies in transition of the presence of refugees, both in the context of future scales and when reviewing requests for exemption under Article 19 of the Charter. Noting with satisfaction that the number of countries that had adopted the 1993 System of National Accounts had risen, her delegation recommended that the next scale of assessments should be based on the most recent and reliable data available to Member States.

11. Article 19 of the Charter should be applied in the case of Member States which did not meet their obligations, since it was the only penalty available. It should be accepted, however, that a country might be unable to pay its contributions on time for reasons beyond its control. Her delegation considered that measures should also be taken to encourage the timely, full and unconditional payment of assessed contributions by Member States and favoured the adoption of multi-year payment plans applicable to all Member States having difficulties in paying their arrears. It awaited with interest the forthcoming report on the subject.

12. **Ms. Chebomui** (Kenya) said that her delegation concurred with the statement made by the representative of the Islamic Republic of Iran on behalf of the Group of 77 and China. Recalling the obligation set out in Article 17 of the Charter of the United Nations, she emphasized that all Member States were required to pay their assessed contributions in full, on time and without conditions. She did not, however, support the two changes proposed to attain that objective (net-to-net comparison and biannual calculation of arrears) in that for many developing countries they would mean an additional burden to that imposed by the transfer of points resulting from the adoption of the new scale in December 2000. It was

also important to bear in mind the difficulties encountered by some countries by virtue of globalization and their dependence on exports of primary commodities and raw materials.

13. Her delegation considered that, while it was appropriate to apply Article 19 as a sanction for non-payment, sympathetic consideration should also be given to requests for exemption from its application submitted by countries experiencing genuine economic problems. Her delegation reaffirmed its commitment to the ideals of the Organization and noted with satisfaction that thanks to the efforts made by Member States its financial situation had very markedly improved, as the Under-Secretary-General for Management had explained to the Committee.

14. **Mr. Fujii** (Japan) said that his delegation had always insisted on the need for Member States to give the Organization the necessary liquidity by paying their contributions in full. It was not convinced, however, that the changes in the method of calculating arrears proposed in the report of the Committee on Contributions would result in a significant improvement in the financial situation. His delegation believed that it was not the right time to change the procedures for the application of Article 19 and it invited the Committee on Contributions to continue its work on the question.

15. **Mr. Requeijo Gual** (Cuba) said that his delegation associated itself with the statement made by the representative of the Islamic Republic of Iran on behalf of the Group of 77 and China. With regard to the changes in the procedures for the application of Article 19 proposed in the report of the Committee on Contributions (the net to net comparison and the biannual calculation of arrears), he noted that the Committee had not yet been able to formulate recommendations and that the current procedures had been deemed to be consistent with the decisions of the General Assembly and with the Charter. Less than one year after a reform of the scale of assessments for the apportionment of the expenses of the regular budget and the peacekeeping budgets which had resulted in an increase in the financial obligations of many developing countries, those countries were asked to agree to further efforts, with the risk that more of them would lose their right to vote. It appeared from the report of the Committee on Contributions and from the report of the Secretary-General on the question (A/55/789) that the adoption of the measures proposed would result in an increase in the number of countri regarded at the beginning of the year as being late paying the minimum amount required to avoid t application of Article 19 and in the number of reques for exemption from that Article; in addition it wou complicate the task of the Committee, which would obliged to meet more frequently. If the goal was improve the financial situation of the Organization, the factors contributing to the difficulties in th situation should be considered on an equitable basis, particular the arrears of the main contributor. It w paradoxical to attach such importance to the recove of the $9 million that the decision to use the net to n comparison would produce when there were still proposals regarding the settlement of the enormo debt of the main contributor. Since the chang proposed might aggravate rather than improve t financial situation and jeopardize the univers character of the Organization by increasing the numb of countries deprived of the right to vote, h delegation believed that it was not the right moment pursue the matter.

16. Moreover, his delegation was opposed to a attempt to make consideration of a request f exemption subject to the adoption of the proposa which were supposed to strengthen the application Article 19. Those proposals should be considered their own merits. Lastly, his delegation was ready consider with other delegations the measures propos in the report of the Committee on Contributions encourage the payment of contributions in full, on ti and without conditions and to take into account t extremely low level of commodity prices on t international markets.

17. **Mr. Laptenok** (Belarus) said that all Memb States should discharge their obligations under t Charter on time and without conditions. Belarus h for several years been one of the first 10 Memb States to pay their contributions. It had also paid contributions to peacekeeping operations since 199 and had decided to increase its participation in tho operations. During the current year alone, it h already paid $1.5 million. With regard to t application of Article 19, he believed that it w important to take into account the difficulti experienced by some Member States owing to facto outside their control.

18. **Mr. Ahmed** (Iraq) said that, owing to t sanctions imposed under Security Council resoluti

661 (1990), Iraq had found itself unable to pay its contributions to international organizations since it could no longer even buy food and medicine. Because of a lack of hard currency, it had accumulated arrears which had made it fall under the provisions of Article 19. Since 1994, it had been asking for an exemption until such time as the sanctions were lifted or until it was authorized once again to pay its contributions in local currency, as it had done until 1992. For political reasons, one country had been opposed to the granting of that request by the Committee on Contributions. The request for exemption contained in document A/C.5/53/28 of 19 October 1998 had been considered by the Committee on Contributions during a special session held in February 1999. The Committee had indicated, in paragraph 64 of its report (A/53/11/Add.1), that there had been some discussion of whether the outstanding assessments of Iraq could be met from the sale of Iraqi oil, as had been the case with the Compensation Commission and the "oil-for-food" programme. On 9 June 1999, Iraq had addressed a letter to the Secretary-General requesting that consideration be given to the possibility of Iraq's arrears being paid from the revenues derived from the sale of oil. The Secretary-General had replied, in a letter dated 28 June 1999, that it was a matter for the Security Council.

19. In a letter dated 5 January 2000 (S/2000/7), Iraq had asked the Security Council to approve the allocation of $24 million from the Iraq Account established pursuant to resolution 986 (1995) and the memorandum of understanding of 20 May 1996, and specifically the 53 per cent and 13 per cent accounts, for the payment of the arrears in its contributions to international organizations. During consultations held by the Council in February 2000, a number of its members had supported Iraq's request. One State had expressed reservations on the grounds that revenues under the Programme should be used for the purposes stated in resolution 986 (1995) (humanitarian assistance and compensation). On 11 April 2000, in a further letter addressed to the President of the Security Council (S/2000/302), Iraq had proposed that the sums in question should be taken from the 2.2 per cent account allocated to administrative expenses, in which there was a balance of $212 million. The President of the Council for the month of May had indicated that he had held bilateral consultations but had been unable to reach an agreement. Iraq had learned that the Member State which was opposed to the formula suggested was the United States. In view of the importance which Iraq attached to the payment of its contributions to international organizations, in particular the United Nations, it once again requested approval of the allocation of the sums in question from the 2.2 per cent account.

*The meeting rose at 10.55 a.m.*